



3 High-Yield Stocks Paying Up to 7.5%

Description

It's an income desert out there.

Chequing accounts pay next to nothing. Bond yields barely keep up with inflation. The average yield on the **S&P/TSX Composite Index** is a measly 2.3%.

It's almost impossible to generate respectable portfolio income nowadays. However, there are still companies that offer reliable, high-single-digit yields if you know where to look.

Of course, high payouts usually entail high risk. But you can mitigate the chances of catastrophic losses by buying quality businesses with ample cash flow. Here are three top companies to get you started.

1. Freehold Royalties Ltd

Freehold Royalties Ltd ([TSX: FRU](#)) gives you a stake in thousands of oil and gas wells throughout western Canada without having to own an acre of land.

To put it simply, Freehold is set up to finance oil-producing wells, collect royalties from their production, and distribute those royalties to shareholders. Because the firm pays no drilling expenses, its cost of revenue is virtually zero. This business model allows Freehold to generate enormous operating profit margins between 40% and 50%... much higher than your typical oil company.

This means the stock is absolutely gushing dividends. Today, Freehold pays a monthly distribution of 12.86¢ per share. That comes out to an annualized yield of 6.7%.

2. Cominar Real Estate Investment Trust

It's no secret that owning real estate is a great way to generate extra income. But for most of us, becoming a landlord is kind of a hassle. That's why you might be interested to learn about a way to earn monthly rental income without buying a single property yourself.

Cominar Real Estate Investment Trust (TSX: CUF.UN) allows you to become a partner with a successful landlord. This fund is an exceptionally successful, well-diversified property owner with some of the wealthiest tenants in the country. Altogether, the partnership's portfolio consists of approximately 530 office, retail, and industrial properties across eastern Canada encompassing nearly 40 million square feet of real estate.

The best part is this landlord passes on most of these oversized rent cheques to its partners. Since Cominar went public in 1998, the firm has never missed or lowered its total annual payments to unitholders. Today, the trust pays a \$0.12 monthly distribution, which comes out to a 7.5% annualized yield.

3. Canadian Oil Sands Ltd

Canadian Oil Sands Ltd (TSX: COS) gives you a stake in the largest oil asset in the world: the Syncrude oil sands project. Syncrude is a joint venture between a number of the world's top energy companies including **Suncor Energy Inc.**, **Imperial Oil Limited**, and **CNOOC Limited**. Altogether, this project alone accounts for 14% of Western Canada's oil production.

However, the main reason to like this stock is the huge distribution. Canadian Oil Sands pays a quarterly dividend of \$0.35 per share, which comes out to a yield of 6.1%. That's three times larger than the average payout in the Canadian energy industry.

That distribution could grow substantially in the months ahead. Over the next few years, the company's capital spending budget is projected to fall 80% with the completion of several Syncrude enhancements. This will free up an enormous amount of cash flow for dividend hikes.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)

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